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Message Text

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ACTION SS-25

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INFO AMEMBASSY LUSAKA PRIORITY
AMEMBASSY LONDON PRIORITY
USMISSION USUN NEW YORK PRIORITY

C O N F I D E N T I A L PRETORIA 3383

EXDIS

FOR MOOSE (AF) AND MAYNES (IO) FROM FRANK

LUSAKA FOR AMBASSADOR LOW

LONDON FOR RAY SEITZ

E.O. 11652: GDS
TAGS: PINT, RH, US, UK
SUBJECT: THE ZIMBABWE DEVELOPMENT FUND AND THE RHODESIA
NEGOTIATIONS

REF: LONDON 11075

1. MY TRIP TO LONDON, LUSAKA AND SALISBURY WAS USEFUL IN COMING TO AN UNDERSTANDING AMONG THE BRITISH, OURSELVES AND THE SMITH REGIME THAT THE ZIMBABWE DEVELOPMENT FUND COULD NOT BE USED TO FINANCE DIRECTLY PENSIONS, LAND COMPENSATION, OR ASSET REMIT-TANCES BY WHITE RHODESIANS. NOR CAN FUND ASSISTANCE BE MADE EXPLICITLY CONDITIONAL ON FULFILLMENT OF INDEPENDENT ZIMBABWE GOVERNMENT OBLIGATIONS TO PAY PENSIONS AND LAND COMPENSATION OR TO PERMIT ASSET REMITTANCE. THE BEST, I THINK, THAT CAN BE EXPCTED FROM SMITH'S PERSPECTIVE IS THAT AVAILABILITY OF ZDF
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RESOURCES CAN HELP INDIRECTLY TO MAKE IT POSSIBLE FOR INDE-PENDENT ZIMBABWE GOVERNMENT TO FINANCE PENSIONS, LAND RESET-TLEMENT,HEND ASSET REMITTANCES AND THAT FAILURE BY THE INDEPEN-DENT GOVERNMENT OF ZIMBABWE TO MEET CONSTITUTIONAL AND OTHER OBLIGATIONS WOULD BE A FACTOR, BUT NOT THE ONLY ONE, IN ANY ASSESSMENT BY THE ZDF OF THE LONG-RANGE DEVELOPMENT PROSPECTS OF ZIMBABWE AND HENCE THE LEVEL OF ECONOMIC ASSISTANCE THAT WOULD

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BE JUSTIFIED ON PURELY DEVELOPMENTAL GROUNDS. I WAS CONCERNED AT THE OUTSET OF MY TRIP, HOWEVER, THAT WE AND THE BRITISH MIGHT BE TAKING A DIFFERENT TACK.

2. ACCORDING TO JOHN GRAHAM OF THE UK FCO, MR. OWEN BELIEVES THAT HE HAS THE AGREEMENT OF SECRETARY VANCE THAT THE TRUSTEES OF THE ZDF WOULD FREEZE ALL ASSISTANCE IF THE INDEPENDENT GOVERNMENT OF ZIMBABWE DID NOT MEET PENSION OBLIGATIONS. THIS UNDERSTANDING, ACCORDING TO AMBASSADOR LOW, DERIVED FROM THE OWEN-VANCE MEETING JUNE 23 IN PARIS AT WHICH SENATOR RIBBICOFF ENDORSED THE IDEA OF SUPPORTING PENSION GUARANTEES IN THIS MANNER, INDICATING THAT CONSERVATIVE SOUTHERN CONGRESSMEN WOULD SUPPORT SUCH AN IDEA AND HELP CONGRESSIONAL PASSAGE OF APPROPRIATIONS FOR A ZDF.

3. MR. GRAHAM HAD IN HIS TALKING POINTS FOR GAYLORD, ET AL IN RHODESIA SOMETHING TO THE EFFECT THAT THE ZDF WOULD BE USED TO APPLY SANCTIONS IN THE FORM OF DISCONTINUATION OF ASSISTANCE IF THE ZIMBABWE GOVERNMENT DID NOT HONOR ITS PENSION OBLIGATIONS. I SUGGESTED THAT THE POINT BE CHANGED TO READ THAT THE ZDF CAN BE USED TO HELP WITH FOREIGN EXCHANGE COSTS OF TRANS-FERRING PENSIONS, ETC, AND WE (THE UK AND US) SHALL BE PROPOSING TO DONORS THAT IN SETTING LEVELS OF ECONOMIC ASSISTANCE, THE FUND TAKE ACCOUNT OF THE EFFORTS OF THE ZIMBABWE GOVERNMENT TO DISCHARGE ITS CONSTITUTIONAL AND OTHER OBLIGATIONS SUCH AS THOSE PERTAINING TO PENSIONS. GRAHAM ACCEPTED THESE CHANGES
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AND, INDEED, IN THE DISCUSSIONS WITH THE RHODESIANS ON PENSIONS, TOOK AVERY HARD LINE THAT THE RHODESIANS COULD NOT EXPECT THE KIND OF PENSION TERMS AND PENSION GUARANTEES THAT THE CIVIL SERVANTS AND OTHERS SEEM TO BE PRESSING VERY HARD TO GET. (DISCUSSION IN SALISBURY ON PENSIONS WILL BE REPORTED SEPTEL.)

4. THE PENSIONS ISSUE MAY ARISE AGAIN IN THE PROPOSED WASHINGTON CONSULTATIONS, JULY 23, BETWEEN DAVID OWEN AND SECRETARY VANCE. I BELIEVE THAT SECRETARY VANCE SHOULD BE AWARE OF THE DIFFI-CULTIES THAT WOULD ARISE IF THE ZIMBABWE DEVELOPMENT FUND MADE ITS SUPPORT VERY EXPLICITLY CONDITIONAL ON MEETING OF PENSION OBLICATIONS BY AN INDEPENDENT ZIMBABWE GOVERNMENT. THE DIF-FICULTIES, AS I SEE THEM, ARE THE FOLLOWING:

A. BASED ON REACTIONS FROM THE 18 POSSIBLE DONORS THAT WE APPROACHED IN DECEMBER, I DO NOT BELIEVE THERE IS MUCH CHANCE THAT THEY WOULD ACCEPT EXPLICIT CONDITIONALITY EITHER IN THE ARTICLES OF AGREEMENT OF THE ZDF OR AS A MATTER OF POLICY TO BE DECIDED BY THE DIRECTORS OR TRUSTEES OF THE ZDF. IT WOULD BE WRONG TO BUILD ANY FALSE HOPES AMONG WHITE RHODESIANS THAT EXPLICIT CONDITIONALITY F THIS SORT WOULD BE POSSIBLE.

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B. WHILE IT MIGHT HELP GAIN SOUTHERN CONSERVATIVE SUPPORT IN CONGRESS, WE NEED TO BE CAREFUL NOT TO ALIENATE MANY MEMBERS OF THE BLACK CAUCUS AND LIBERAL CONGRESSMEN WHO WOULD NOT FAVOR EXPLICIT CONDITIONALITY.

C. EXPLICIT CONDITIONALITY WOULD BE RESENTED BY THE NATIONALISTS AND THEIR FRONTLINE SUPPORTERS AS UNACCEPTABLE STRINGS ATTACHED TO ZDF ASSISTANCE AND MIGHT TRIGGER A STRONG REJECTION OF THE WHOLE ZDF IDEA.

D. AS PRESIDENT MCNAMARA AND OTHER TOP WORLD BANK OFFICIALS HAVE INDICATED TO US, IT WOULD MAKE THE WORLD BANK VERY RELUCTANT TO BECOME INVOLVED IN THE FUND'S MANAGEMENT IF THE FUND WERE MADE EXPLICITLY TIED TO CONTROVERSIAL POLITICAL CONDITIONS.
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TM THE LONG DOCUMENT BEING PREPARED BY THE BRITISH TO PRESENT EVENTUALLY AS PROPOSALS TO THE VARIOUS PARTIES WILL CONTAIN A SECTION ON THE ZDF AND ITS RELATION TO THE OTHER PROPOSALS IN THE DOCUMENT. CURRENTLY THE LANGUAGE SAYS THAT "THE ARRANGEMENTS SET OUT IN THIS DOCUMENT AS A WHOLE CONSTITUTE AN ESSENTIAL BASIS FOR THE ESTABLISHMENT AND CONTINUING OPERATION OF THE FUND". THIS KIND OF LANGUAGE AND THAT SET OUT IN PARAGRAPH 5, SUBPARAGRAPH 3 OF REFTEL SEEM TO BE ACCEPTABLE BECAUSE OF THEIR GENERAL NATURE. BUT I BELIEVE THAT KIND OF LANGUAGE IS ABOUT AS FAR AS WE COULD GO, PARTICULARLY WITH REFERENCE TO ANYTHING THAT MIGHT END UP IN A SET OF ARTICLES OF AGREEMENT ESTABLISHING THE FUND.

6. THE BRITISH SEEM TO BE QUITE ANXIOUS TO GO TO THE DONORS AGAIN TO FIRM UP COMMITMENTS TO THE ZIMBABWE DEVELOPMENT FUND. BOTH STEVE LOW AND I FEEL STRONGLY THAT WE SHOULD TAKE A CAUTIOUS ATTITUDE ABOUT ANOTHER APPROACH TO DONORS. AN APPROACH WOULD BE COUNTERPRODUCTIVE UNLESS WE CAN OFFER TO DONORS A REASONABLE PROSPECT THAT A NEGOTIATED SETTLEMENT IS CLOSE AND WE CAN GIVE TO DONORS SOME IDEA AS TO WHAT THAT SETTLEMENT MIGHT LOOK LIKE. OUR INABILITY TO MAKE THESE POINTS TO POTENTIAL DONORS WOULD ELICIT A NON-COMMITTAL RESPONSE FROM THEM AND INJURE RATHER THAN ENHANCE CONFIDENCE AMONG THE RHODESIANS THAT INTERNATIONAL FINANCIAL SUPPORT FOR A SETTLEMENT WOULD BE FORTHCOMING.

7. I PLAN TO RETURN TO WASHINGTON SOMETIME OVER THE WEEKEND OF JULY 16-17 AND LOOK FORWARD TO FURTHER DISCUSSIONS.
BOWDLER

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